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Serbia

Grain and Feed

Update on wheat and corn

2006

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Report Highlights:

Serbian wheat production in MY 2006/07 is officially estimated at 1.8 million MT, about 200,000 MT lower than the previous year. The small wheat crop was the result of massive floods in Serbia in spring 2006. Weather conditions for planting the new wheat crop were favorable. Corn production for MY 2006/07 is estimated to be about 6.3 million MT, despite earlier speculations that the size of the crops might be as small as 5.5 million MT. Serbia continued to be the largest corn exporter in the region, with 1.35 million MT exported in MY 2005/06 and about a million MT projected for MY 2006/07.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Belgrade [YU1]
[SR]

Wheat

After much speculation about the actual size of the MY06/07 wheat crop, official estimates put total Serbian wheat production at 1.8 million MT, about 200,000 MT lower than the previous year. Total harvested area is estimated at 530,000 HA and the average wheat yields at 3.4 MT/HA. The highest yields were achieved in the northern Vojvodina region, with an average yield of 4.8 MT/HA. The quality of the wheat crop is reportedly excellent with 12.5 percent protein content, hectoliter weight 78-82 Kg/Hl, energy value above 200 W, and gluten between 26 and 28 percent. With rising wheat prices in the world market and the high quality of the Serbian wheat crop, local wheat prices at the Novi Sad Commodity Exchange have been strong during October, 10-12 din/kg (\$159-190/MT) with the possibility of further increase in the next few months. Wheat prices for planting seed have been reported at 15-17 din/kg (\$238-270/MT).

Due to delay in harvesting the MY06/07 corn crop, the start of planting the 2007 wheat crop (normally around October 10) was delayed by about two weeks throughout most of Serbia. Total area planted of the new wheat crop is estimated at 540,000 HA, slightly higher than in the previous year. Planting conditions for the new wheat crop have been favorable with a good number of sunny and warm days during October. Agricultural analysts, however, estimate that due to the delay in planting, yield losses could reach 20 percent in some areas. In addition, it is estimated that only 60 percent of the planting seeds (120,000 MT) were commercial certified seeds, and about 40 of the new crop was planted with non-selected seeds, mostly from the previous crop. Most of small wheat farmers (with limited financial resources) use non-selected seed varieties. The Serbian government continues to provide wheat production support (fuel and fertilizer subsidies) of 5,000 dinars/HA (\$80) to registered wheat farmers. There are about 140,000 farmers with total land holding of 280,000 HA that are currently registered in Serbia.

Corn

Despite several weeks delay in harvesting the crop, total Serbian corn production in MY06/07 was close to its normal levels. According to official data from the Serbian Ministry of Agriculture, total corn production is estimated to be about 6.3 million MT. However, private sector analysts put the estimate of total corn production at 6.6 million MT, similar to last year's production level. Earlier in the season, there had been speculation among corn traders that the size of MY06/07 crop might be as low as 5.5 million MT. Despite massive floods in the spring, growing conditions for corn were reportedly very good, especially during the final phase of the season. Area planted to corn is reported to be about 1.25 million HA, with average yields estimated at 5.2 MT/HA.

Due to unusual high temperatures during the harvest in October, some farmers left their corn crop in the fields longer in order to lower moisture content and thus reduce drying costs. In late October, corn farmers were still selling corn from last year's crop (6.6 million MT). By the end of October and beginning of November, farmers started to sell corn from this year crop to local traders and exporters. Current corn prices at the Novi Sad Commodity Exchange are stable and range between 7.5 and 8 din/kg (\$119 and 127/MT), indicating availability of a sufficient supply and that speculations of very a small crop were unsubstantiated.

With relatively large crops in three consecutive years, Serbia has strengthened its position as a major corn exporting country in the region. According to official customs data, Serbia

exported 1,327,442 MT of yellow corn in MY2005/06 (worth \$173 million) making corn the second most important Serbian export commodity after sugar. Corn exports during January-August 2006 are estimated at 734,114 MT (worth \$88.5 million). Exports of seed corn during this period are estimated 14,015 MT (valued at \$6.7 million). Total exports from the MY06/07 crop are projected to exceed one million MT.

Most of Serbia's corn exports go through the Danube River by barge to the Black Sea port of Constanza where they are loaded into sea vessels and then shipped to main EU destinations such as Italy, Spain and Portugal. Corn export to these three EU countries accounts for almost 80 percent of total Serbian corn exports. A significant amount of Serbia's corn is trucked to neighboring Balkan countries such as Macedonia, Bosnia and Croatia. During the period January-August 2006, Serbian corn exports to these countries totaled 200,000 MT.